EMPLOYEE TRUST FUNDS

Budget Summary						FTE Position Summary				
Fund	2010-11 Adjusted Base	Governor 2011-12	Governor 2012-13	2011-13 Change Over Base Year Doubled Amount	%	2010-11	Governor 2011-12	Governor 2012-13	2012-13 Over 2010-11 Number	%
GPR	$671,600	$555,200	$460,600	- $327,400	- 24.4%	0.00	0.00	0.00	0.00	0.0%
SEG	30,322,200	31,345,800	30,678,600	1,380,000	2.3	243.20	249.70	249.70	6.50	2.7
TOTAL	$30,993,800	$31,901,000	$31,139,200	$1,052,600	1.7%	243.20	249.70	249.70	6.50	2.7%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	$1,838,200

Governor: Provide adjustments totaling $919,100 annually. Adjustments are for: (a) turnover reduction (-$380,100 annually); (b) removal of noncontinuing elements from the base (-$374,000 annually); (c) full funding of continuing position salaries and fringe benefits ($1,472,300 annually); (d) overtime ($47,600 annually); (e) night and weekend differential pay ($75,400 annually); and (f) full funding of lease and directed moves costs ($77,900 annually).

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

SEG	- $2,012,200

Governor: Delete $1,006,100 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. PARTICIPANT SERVICES

	Funding	Positions
SEG	$854,000	6.50

Governor: Provide $410,600 in 2011-12 and $443,400 in 2012-13 and 6.50 positions annually for participant-service functions. The positions are intended to address the following: (a) 1.0 position for disaster recovery planning and management; (b) 1.0 position for research and management of healthcare service changes associated with the enactment of the federal Patient Protection and Affordable Care Act, as well as responsibilities for several other health-related services; (c) 1.0 position for information technology work associated with the maintenance of recently completed systems and the continued replacement of older legacy systems; (d) 2.0 positions to address increasing workload responding to participant inquires made through the Department's Call Center; and (e) 1.5 positions to assist with annuity payment services to allow more senior staff to research and assist in the design of new online services and the replacement of older legacy systems. The funding provided under the bill includes $315,600 in 2011-12 and $420,800 in 2012-13 for salary and fringe benefit costs and $95,000 in 2011-12 and $22,600 in 2012-13 for staff-related space and startup costs.

4. RETIRED EMPLOYEES BENEFIT SUPPLEMENT REESTIMATE

GPR	- $267,400

Governor: Reduce base funding by $86,400 in 2011-12 and $181,000 in 2012-13 to reflect decreased amounts necessary to pay benefit supplements for retirees who first began receiving annuities before October 1, 1974. These supplements were authorized primarily by Chapter 337, Laws of 1973, 1983 Wisconsin Act 394, and 1997 Wisconsin Act 26. The reestimate is due to a declining number of retirees eligible for these supplements due to deaths. Current base level funding for the appropriation is $641,600.

5. DELETE BADGER RX GOLD FUNDS TO REFLECT PROGRAM TRANSFER

GPR	- $60,000

Governor: Delete $30,000 annually relating to the prescription pharmacy program BadgerRx Gold. The program allows Wisconsin residents without prescription drug coverage to purchase prescription medications covered under the formulary used for programs administered by the Group Insurance Board, at the same cost as the state. Under the program, ETF utilized its GPR contingency appropriation to advance funds equal to the anticipated rebate from the manufacturer. The general fund was reimbursed for these expenditures when the rebates were received from pharmaceutical companies. The program was transferred, effective January 1, 2011, to the Department of Health Services. The elimination of the ETF base funding reflects this transfer.

6. AUDIT OF DEPENDENT ELIGIBILITY UNDER BENEFIT PROGRAMS

SEG	$700,000

Governor: Provide $700,000 in 2011-12 in one-time funding for an audit of benefit programs administered by the Department to verify the eligibility of dependents covered under the benefit programs. [Provisions of 2011 Special Session Senate Bill 11/Assembly Bill 11 would have provided that, if ETF determines that an audit of benefit programs administered by the Department is necessary for the purpose of verifying the eligibility of dependents covered under the benefit programs, the Department must submit a written request to the Secretary of DOA to expend an amount not exceeding $700,000 SEG from ETF's administration appropriation account for the 2011−12 fiscal year to fund the cost of the audit. Special Session SB 11/AB 11 would also have provided that, if the Secretary of DOA approves the request, ETF may proceed with the audit. The Conference Committee deleted these provisions. Under the Governor's recommendation in the 2011-13 biennial budget, $700,000 would be provided for this purpose. It should be noted, however, that the intended approval process under SS SB 11/AB 11 for the use of this funding has not been enacted as of this writing.]

7. LONG-TERM CARE INSURANCE REQUIREMENT

Governor: Delete a provision that an insurance company may require the Group Insurance Board (GIB) to offer to state employees and annuitants a long-term care insurance policy. Under current law, the state must offer, through GIB, to eligible state employees and annuitants, long-term care insurance policies which have been filed with the Office of the Commissioner of Insurance and that have been approved for offering under contracts established by GIB, if the insurer requests that the policy be offered.

[Bill Sections: 1144, 1145, and 1160]

8. HIRSPA PAYMENTS NOT REQUIRED FOR SICK LEAVE CONVERSION OR SUPPLEMENTAL HEALTH CREDIT PROGRAMS

Governor: Provide that the Health Insurance Risk-Sharing Plan Authority (HIRSPA) would not be required to pay any contributions related to the accumulated sick leave conversion credit (ASLCC) program or the supplemental health insurance conversion credit (SHICC) program. Employees of HIRSPA are not eligible for these two programs.

Under current law, the ASLCC program permits state employees, upon retirement, to convert the value of accumulated unused sick leave into credits to be used to pay for the state retiree's group health insurance. At retirement, employees may continue their group health insurance, but the premium cost must be paid entirely by the retiree (there is no state contribution). Supplemental credits are provided under SHICC for long-term state employees. Under the program, an employee is credited at retirement with one hour of additional sick leave credit for each hour of unused accumulated sick leave up to a maximum of 52 hours per year for all years of service through the 24th year. For all years of continuous service beyond the 24th year, an employee will be granted one hour of additional sick leave credit for each hour of previously accumulated sick leave up to a maximum of 104 hours per year. The credits may only be used for the payment of premium costs of continued state group health insurance in retirement. The supplemental credits do not provide additional sick leave to employees.

[Bill Section: 1151]